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5 IN THE UNITED STATES DISTRICT COURT  
6 FOR THE NORTHERN DISTRICT OF CALIFORNIA

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8 PANDORA JEWELRY, LLC and PANDORA  
9 SMYKKER USA APPS,

No. 04-3809 FMS

10 Plaintiff,

**ORDER GRANTING, IN PART, AND  
DENYING, IN PART, PLAINTIFFS'  
APPLICATION FOR DEFAULT  
JUDGMENT**

11 v.  
12 ROBERT PUCA and PUCA CREATIONS,

13 Defendants.  
14

**I. INTRODUCTION**

15 Plaintiffs Pandora Jewelry and Pandora Smykko USA filed an action against  
16 Defendants, Robert Puka and Puka Creations, alleging unfair competition, copyright  
17 infringement, trade dress infringement, dilution under federal law, common law unfair  
18 competition and trademark infringement (Lanham Act Claims) and violations of state  
19 statutory unfair competition law on September 9, 2004. Complaint ¶ 1. A default was  
20 entered against Defendants on November 15, 2005. Plaintiffs now move for default  
21 judgment pursuant to Federal Rule of Civil Procedure 55(b). Plaintiffs request 1) a default  
22 judgment against Defendants based on its Lanham Act and California Business and  
23 Professions Code Claims; 2) permanent injunction against Defendants pursuant to 15 U.S.C.  
24 section 1116; and 3) an award of \$25,590.50 in attorneys fees and costs. Plaintiffs'  
25 Memorandum in Support of Application at 1. Hearing on the motion was held on June 23,  
26 2005 at 2:00 pm, and additional briefing addressing the third party business,  
27 [www.pandorajewelry.com](http://www.pandorajewelry.com), was received on Wednesday, June 29, 2005.

28

## II. BACKGROUND

Plaintiffs are designers and wholesalers of jewelry in Northern Europe and in the United States. Complaint ¶ 6. Plaintiffs began their jewelry business in Denmark in 1999, and began to sell and distribute their product in the United States in November of 2002. *Id.* ¶ 11. Plaintiffs registered copyright registrations for Pandora jewelry designs from February of 2000 through November of 2003 and continue to be the sole proprietor of all rights to the mark. *Id.* ¶¶ 11, 12.

8 Plaintiffs create, manufacture, market, distribute and sell sterling silver and fourteen  
9 karat gold jewelry through nearly 800 retailers in the United States, *id.* ¶ 14, and maintain a  
10 website advertising their product at [www.pandora-jewelry.com](http://www.pandora-jewelry.com). *Id.* ¶ 13. Plaintiffs purport  
11 to have, approximately, \$10 million in wholesale business sales for the last several years.  
12 *Id.* Plaintiffs further assert that their distinctive Pandora mark is both recognized and  
13 central to its product promotion, and holds “enormous value.” *Id.* ¶ 16.

14 Defendants Puka also manufacture, advertise, promote and sell jewelry and maintain a  
15 sales business on the internet. *Id.* ¶ 17. Plaintiffs maintain that Defendants' products are  
16 very similar to Pandora's line of jewelry, featuring similar sterling silver and fourteen karat  
17 gold jewelry beads. *Id.* Further, Defendants marketed the jewelry under the name  
18 Zpandora.<sup>1/</sup>

19 On August 17, 2004, Defendants' business came to the attention of Pandora, whereby  
20 Pandora contacted Defendants to demand that they stop using Plaintiffs' protected mark. *Id.*  
21 at 22. According to Plaintiffs, Defendants refused to stop marketing their jewelry under the  
22 Zpandora name.

23 Plaintiffs have asserted that Defendants' conduct is intentionally fraudulent and  
24 malicious because Defendants have purposefully copied Plaintiffs unique jewelry designs  
25 and marketed them to the public under the confusingly similar mark, Zpandora. *Id.* ¶ 25-

27       <sup>1/</sup> Defendants currently maintain a website, [www.beadshopusa.com](http://www.beadshopusa.com), and market the silver  
28 beads in question under the name zpuka. The site also includes a 2005 catalog that features the zpuka  
beads, stating they are “similar hand blown art beads made for the zpandora, pandora and zoppini  
brands....”

1 29. According to Plaintiffs, Defendants have purposefully infringed on Plaintiffs'  
2 reputation and goodwill in the marketplace. *Id.* ¶ 24. Although properly served pursuant to  
3 Federal Rule of Civil Procedure 4(e), Defendants have not responded to this action.  
4 Plaintiffs' Memorandum at 2-3.

### III. LEGAL STANDARDS AND ANALYSIS

6 Pursuant to Federal Rule of Civil Procedure 55(b)(2), a party may apply to the court  
7 to enter judgment after default is entered provided that 1) a default was entered in the case;  
8 2) the defendant failed to respond to that complaint; 3) the defendant is neither an infant nor  
9 an incompetent person; 4) the defendant is not in military service pursuant to the Soldiers  
10 and Sailors Civil Relief Act of 1940; and 5) the defendant was served with the notice of the  
11 application for default judgment. Fed. R. Civ. P. 55(b). Further, the default judgment  
12 motion must request relief consistent with the relief prayed for in the complaint. Fed. R.  
13 Civ. P. 54(c).<sup>2</sup>

14        If necessary, a court may conduct a hearing in order to investigate the matters before  
15 it, and to determine the amount of damages, if any, that should be awarded. *Id.* Whether or  
16 not to award a default judgment is discretionary. *See Aldabe v. Aldabe*, 616 F.2d 1089,  
17 1092 (9<sup>th</sup> Cir. 1980). Thus, before a court enters judgment, it may assess the following  
18 factors:

<sup>24</sup> *Eitel v. McCool*, 782 F.2d 1470, 1471-72 (9<sup>th</sup> Cir. 1986).

25 The default entry deems the well-pleaded allegations of the complaint,  
26 pertaining to liability, admitted. *See TeleVideo System, Inc. v. Heidenthal*, 826 F.2d

<sup>2/</sup> These elements appear satisfied in this case. See Plaintiffs' Memorandum at 3.

1 915, 917-18 (9<sup>th</sup> Cir. 1987). In this case, the relevant allegations supporting the  
 2 Federal and State claims include the following:

3 1) Pandora's business began in 1999, and has been distributing merchandise in  
 4 the United States since November of 2002 under the mark "Pandora."  
 5 Complaint ¶ 11

6 2) Plaintiffs Pandora own copyright registrations for Pandora Jewelry Designs.  
 7 *Id.* ¶ 39.

8 3) Plaintiffs' mark, Pandora, has acquired marketing value, and is known and  
 9 accepted in the marketplace. *Id.* ¶¶ 14, 16.

10 4) Plaintiffs have had wholesale business sales of approximately \$10 million  
 11 since 2002. *Id.* at 14.

12 5) Defendants Puka, via its website, have marketed and sold similarly designed  
 13 jewelry in silver and fourteen karat gold, under the name "Zpandora." *Id.* ¶ 17.

14 6) Defendants are attempting to pass off their products as those manufactured  
 15 by Plaintiffs Pandora, infringing on Plaintiffs' rightfully registered mark. *Id.* ¶  
 16 24.

17 7) Defendants have purposely copied Plaintiffs' mark in order to trade on  
 18 Pandora's good will and trade reputation. *Id.*

19 8) Defendants have attempted to pass off their designs as those of Plaintiffs' in  
 20 order to deceive the public. *Id.* ¶ 26.

21 **1. Federal Unfair Competition, 15 U.S.C. § 1125(a)(1)(A), Claims One and Three**  
 22 Section (a)(1)-(A) prohibit:

23 (1) Any person who, on or in connection with any goods or services,  
 24 or any container for goods, uses in commerce any word, term,  
 25 name, symbol, or device, or any combination thereof, or any false  
 designation of the origin, false or misleading description of fact,  
 26 or false or misleading representation of fact which—  
 27 (A) is likely to cause confusion, or to cause mistake, or to deceive  
 as to the affiliation, connection, or association of such person with  
 another person, or as to the origin, sponsorship, or approval of his  
 or her goods, services, or commercial activities by another person

28 15 U.S.C. § 1125(a)(1)(A).

1           In order to prevail in demonstrating a false designation of origin, Plaintiffs  
 2 must show 1) that the mark is both valid and protectable; 2) that they own the mark as a  
 3 trademark; 3) that they use the mark in commerce; and 4) that the defendant has used  
 4 the mark and/or designs without the consent of the plaintiff, and that such use is likely  
 5 to cause confusion. *Brookfield Communications, Inc. v. West Coast Entertainment*  
 6 *Corp.*, 174 F.3d 1036, 1046-47, n.8 (9<sup>th</sup> Cir. 1999).

7           Plaintiffs have adequately shown that they own the Pandora mark, that the mark  
 8 is both valid and protectable and that Defendants have used the mark, or a mark  
 9 substantially similar to the Plaintiffs' mark, which is likely to cause confusion given  
 10 the similarity of product and the methods of marketing. *See* 15 U.S.C. §  
 11 1125(a)(1)(A). Supporting this assertion, Plaintiffs have demonstrated that they  
 12 registered the valid Pandora jewelry designs and name, and that after such registration  
 13 and use in the marketplace, Defendants used the similar mark "Zpandora," without  
 14 consent, to market similar jewelry over the internet, potentially causing confusion.  
 15 Thus, Plaintiffs have adequately pled their claims of Federal Unfair Competition and  
 16 Trade Dress Infringement.

17 **2. *Dilution of Famous Marks, 15 U.S.C. § 1125(c), Claim Four***

18           A plaintiff may request injunctive relief under the Trademark Dilution Act if  
 19 they demonstrate that: 1) the mark is famous; 2) that the defendant has commercially  
 20 used the mark; 3) that the defendant's use began after the plaintiff's use of the mark  
 21 became famous; and 4) that defendant's use has diluted the distinctiveness of the  
 22 mark. *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 873-74 (9<sup>th</sup> Cir. 1999). The  
 23 difficulty with prevailing on this claim ties primarily to the famousness factor. Not  
 24 every mark is famous. Only a limited number are truly famous, having strong  
 25 consumer associations linking the mark to only one single commercial producer.  
 26 Only these truly famous marks warrant the anti-dilution protection of the Act. *Id.* at  
 27 875.

28           There are eight, non-exclusive factors that may guide the Court on this Claim:

1           1) the degree of inherent or acquired distinctiveness of the mark;  
2           2) the duration and extent of use of the mark in connection with the goods or  
3           services with which the mark is used;  
4           3) the duration and extent of advertising and publicity of the mark  
5           4) the geographical extent of the trading area in which the mark is used;  
6           5) the channels of trade for the goods or services with which the mark is used;  
7           6) the degree of recognition of the mark in the trading areas and channels of  
8           trade used by the mark's owner and the person against whom the injunction is  
9           sought;  
10           7) the nature and extent of use of the same or similar marks by third parties;  
11           and  
12           8) whether the mark was registered on the principal register.

13 Plaintiffs have failed to adequately demonstrate the dilution of their mark pursuant to  
14 15 U.S.C. § 1125(c) because it is not clear that Plaintiffs' mark is famous enough to  
15 warrant this anti-dilution protection.

16           Reviewing the eight non-exclusive factors, *see Avery Dennison*, 189 F.3d at  
17 873-74, Plaintiffs have not demonstrated that the Pandora mark is distinctive enough  
18 in the channels of trade to merit famousness. Although Plaintiffs submitted a  
19 supplemental briefing addressing the channels of trade and the distinctiveness of the  
20 mark, they have failed to address why a possibly competing jewelry business, using the  
21 web address [www.pandorajewelry.com](http://www.pandorajewelry.com), does not erode the purported distinctiveness  
22 of the Pandora name. Plaintiffs' response, that there is evidence neither  
23 demonstrating when the possibly competing site became active nor supporting the  
24 extent of consumer recognition of the other Pandora website, does not strengthen the  
25 Plaintiffs' argument that the mark is famous. *See* Supplemental Memorandum at 7. If  
26 other jewelry businesses use websites featuring the Pandora name, it is questionable  
27 whether the Plaintiffs can demonstrate that Defendants Puka's use dilutes the impact  
28 of the brand.

1           **3. State Unfair Competition, Cal. Bus & Prof Code § 17203, Fifth Claim**

2           Pursuant to section 17203, “any person who engages, has engaged, or proposes  
 3 to engage in unfair competition may be enjoined in any court of competent  
 4 jurisdiction.”

5           California Business and Professions Code Section 17200 prohibits unfair  
 6 competition, which includes unlawful, unfair or fraudulent business practices. In  
 7 determining what constitutes “unlawful, unfair or fraudulent” practices, the Ninth  
 8 Circuit has held that 17200 claims are “substantially congruent” to those asserted  
 9 under the Lanham Act. *Academy of Motion Pictures Arts and Sciences v. Creative*  
 10 *House Promotions*, 944 F.2d 1446, 1457 (9<sup>th</sup> Cir. 1991). The determining factor is  
 11 ultimately “whether the public is likely to be deceived or confused by the similarity of  
 12 the marks.” *Id.* (citations omitted). Thus, if the plaintiffs are successful in their  
 13 Lanham Act claims, they are also entitled to injunction based on their state Unfair  
 14 Competition claim for relief. *Id.*

15           When the defendants marketed the substantially similar jewelry under the name  
 16 Zpandora, it is likely that they engaged in unfair competition and/or fraudulent  
 17 business practices and, thus, should be enjoined. Further, because Plaintiffs have  
 18 prevailed on their Federal Unfair Competition Claims, state injunctive relief should  
 19 also be granted.

20           **4. Injury to Business Reputation, Cal. Bus. & Prof. Code §14330. Claim Six**

21           Section 14330 provides that the “likelihood of injury to business reputation or  
 22 of dilution of the distinctive quality of a mark registered under this chapter, or a mark  
 23 valid at common law, or a trade name valid at common law, shall be a ground for  
 24 injunctive relief notwithstanding the absence of competition between the parties or  
 25 the absence of confusion as to the source of goods or services.”

26           The California law is substantially similar to the Federal anti-dilution law in  
 27 that a plaintiff must demonstrate either likely injury to its business reputation or

1 dilution of a distinctive mark. *Avery Dennison*, 189 F.3d 868 (9<sup>th</sup> Cir. 1999). As  
 2 discussed above, Plaintiffs have both failed to demonstrate dilution and injury to their  
 3 business reputation.

4 **5. *Eitel* Factors**

5 The *Eitel* factors weigh in favor of entering a default judgment in favor of the  
 6 plaintiffs on the Federal and State Unfair Competition Claims. First, Plaintiffs will  
 7 face prejudice if the default judgment is not entered on their behalf. Without a default  
 8 judgment, the plaintiffs are left with virtually no remedy to stop the infringing  
 9 behavior of the defendants in the future. Second, the plaintiffs have adequately laid  
 10 out the merits of the Unfair Competition claims and, third, have alleged an adequate  
 11 factual basis to support them. Fourth, Plaintiffs have requested injunctive relief,  
 12 which further weighs in favor of entering judgment on their behalf because there is no  
 13 sum of money at issue. Last, even though the Federal Rules favor decisions on the  
 14 merits, the plaintiff must not be prejudiced when the defendants fail to participate in  
 15 the case. These factors favor the entry of default judgment in this case.

16 **6. *Injunctive Relief***

17 Plaintiffs have requested injunctive relief, primarily to stop Defendants from  
 18 continuing to infringe on Plaintiffs' trademarks. Although it is not clear that the  
 19 defendants have continued to sell products using the name "Zpandora," it is not  
 20 "absolutely clear" that Defendants will not again infringe in the future. *Pepsico*, 238  
 21 F. Supp. 2d 1172, 1178-79 (C.D. Cal. 2002). Thus, injunctive relief is appropriate  
 22 given the Federal and State Unfair Competition Claims discussed above.

23 **7. *Attorneys' Fees***

24 Attorneys' fees are permitted by the Lanham Act and may be awarded in  
 25 "exceptional" cases where the act of infringement was fraudulent, deliberate or  
 26 willful. 15 U.S.C. § 1117; *Playboy Enterprises, Inc. v. Baccarat Clothing Co., Inc.*,  
 27 692 F.2d 1272, 1276 (9<sup>th</sup> Cir. 1982).

1 Plaintiffs have requested both costs and attorneys fees of \$25,590.50 because  
2 Defendants "knowingly and willfully" violated the federal statutes. The Court agrees  
3 that Defendants' violation was knowing and willful and awards costs and fees to  
4 Plaintiffs. These costs and fees appear reasonable given the complexity of the case,  
5 and are adequately supported by the Plaintiffs' briefing.

6 Further, although attorneys fees are not intended to compensate plaintiffs, an  
7 award of the fees would further deter defendants from continuing to engage in similar  
8 infringing behavior in the future. *See Playboy Enterprises*, 692 F. 2d at 1274-75  
9 (discussing the importance of making violations of the Lanham Act unprofitable, and  
10 asserting that the public is injured if the court provides no other remedy than  
11 injunction).

12 **IV. CONCLUSION**

13 For the foregoing reasons the Court GRANTS Plaintiffs' request for default  
14 judgment based on the Federal and State Unfair Competition Claims. Defendants  
15 Robert Puka and Puka Creations, their employees, agents, officers, directors,  
16 attorneys, successors, affiliates, subsidiaries and assigns, and all those in active  
17 concert and participation with the defendants are permanently enjoined from:  
18

19 1) Using or authorizing any third party to use as a trademark, service mark,  
20 business name, trade name, domain name or symbol of origin the infringing  
21 ZPANDORA mark or from using any counterfeit, copy, simulation, confusingly  
22 similar variation, or colorable imitation of plaintiff's distinctive PANDORA mark or  
23 trade dress in any manner or form, on or in connection with any business, products or  
24 services, or in the marketing, advertising and promotion of same;

25 2) Imitating, copying or making any unauthorized use of Plaintiffs' distinctive  
26 PANDORA mark or trade dress or any copy, simulation, variation or imitation  
27 thereof;

3) Making or displaying any statement or representation that is likely to lead the public or the trade to believe that defendants' goods are in any manner associated or affiliated with or approved, endorsed, licensed, sponsored, authorized or franchised by or are otherwise connected with Plaintiffs;

4) Using or authorizing any third party to use in connection with the rendering, offering, advertising, promotion or importing of any goods, any false description, false representation, or false designation of origin, or any marks, names, words, symbols, devices or trade dress which falsely associate such goods or services with plaintiffs or tend to do so;

5) Registering or applying to register as a trademark, service mark, trade name, domain name or other source identifier or symbol of origin any mark, trade dress or name including the distinctive PANDORA mark or any other mark that infringes or is likely to be confused with plaintiffs' distinctive PANDORA mark;

6) Engaging in any other activity constituting unfair competition with plaintiffs, or constituting an infringement of plaintiffs' distinctive PANDORA mark or trade dress, or of plaintiffs' rights therein;

7) Aiding, assisting or abetting any other party in doing any act prohibited by sub-paragraphs 1-7.

Plaintiffs' application for default judgment based on Federal and State Dilution claims are DENIED without prejudice.

Defendants are hereby ORDERED to pay costs and attorneys fees of \$25,590.50. The clerk is ORDERED to close the case.

## IT IS SO ORDERED.

Dated: June 30, 2005

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/s/